

UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
PSC Box 20041
Camp Lejeune, North Carolina 28542-0041

FBTC 0201
Jan 2000

STUDENT OUTLINE

INTRODUCTION TO THE MARINE CORPS SUPPLY SYSTEM

LESSON PURPOSE: The purpose of this lesson is to provide you with an overview of the Marine Corps Supply System by understanding the following concepts:

- a. Organization of the Marine Corps Supply System.
- b. Government Sources of Supply.
- c. Direct Support Stock Control (DSSC).
- d. The SASSY Management Unit (SMU).
- e. Government Credit Card Program

BODY:

1. **OVERVIEW OF THE MARINE CORPS SUPPLY SYSTEM:**

a. **General:** In order to support the missions of the Marine Corps, the Secretary of the Navy has authorized the Marine Corps to develop a separate and distinct supply system.

b. **Mission:** The mission of the Marine Corps supply system is to provide and manage those items necessary for the operation and maintenance of the Marine Forces, supporting establishments, and the Marine Corps Reserve.

c. **Purpose:** The Marine Corps supply system is dedicated to the single purpose of providing the necessary support to Marines in combat and is structured to be responsive to the needs of the operating and supporting forces, no matter where they are located.

d. Characteristics: The Marine Corps supply system is characterized by centralized management, decentralized distribution, and maximum use of automated data systems.

e. Functions of Supply: The Marine Corps Supply System is broken down into six functions. They are:

(1) Determination of Requirements: A requirement is an essential need. Determining the needs of supported units is one of the most critical functions of the supply system.

(2) Procurement: Procurement is the process of obtaining those supplies and items of equipment that have been determined a requirement.

(3) Storage: Storage is the safekeeping of supplies and equipment in ready-for-issue condition. The storage function also includes receipt for supplies and equipment from the source, maintaining accurate inventory controls, and maintenance of equipment.

(4) Distribution: Distribution is the issue of supplies and equipment to supported units. Issues are made in response to a supported unit's requisition. This function also encompasses inventory controls to properly adjust records.

(5) Salvage: Salvage is the collection and evacuation of lost, abandoned, or discarded supplies and equipment. It includes captured items. The salvage process involves the receipt, processing, storage, and reissue of serviceable items.

(6) Disposal: Disposal is the process of eliminating excess, obsolete, surplus, or unserviceable property. Disposal may include transfer, donation, sale, or abandonment.

2. ORGANIZATION OF MARINE CORPS SUPPLY: The Marine Corps Supply System consists of three essential elements: Headquarters Marine Corps, General Support and Direct Support. Also within this system are different types of inventory levels that are maintained to support the Marine Corps mission: Wholesale level and retail level.

a. Headquarters Marine Corps (HQMC): The Commandant is directly responsible for the material readiness of the Marine Corps. Two entities that assist the Commandant in directing the Marine Corps supply system are the Deputy Commandant of the

Marine Corps, Installation and Logistics (DCMC, I&L) and the Field Supply and Maintenance Analysis Offices (FSMAO).

(1) The the Deputy Commandant of the Marine Corps, Installations and Logistics (DCMC, I&L) is the principle logistician on the general staff of the Commandant, and is the principle advisor to the Commandant in supply matters.

(2) The Field Supply and Maintenance Analysis Offices (FSMAOs) where established to provide the Commandant with direct field representation by analyzing the effectiveness of supply and maintenance management procedures and methods. The objective of FSMAOs analysis is to promote efficiency in supply and maintenance management operations.

b. Wholesale Inventory Level: The wholesale inventory level consists of an Inventory Control Point (ICP), two Remote Storage Areas (RSA's), and nine Direct Support Stock Control (DSSC) activities.

(1) The Inventory Control Point: The ICP, located at Marine Corps Logistics Base, Albany, GA. is the central supply processing point for the Marine Corps supply system. At this level, the ICP has item managers who have asset knowledge and exercise unrestricted asset control supporting worldwide inventory responsibilities.

(2) Remote Storage Activities (RSA's): The RSA's are depots under the technical control of the ICP. There are two RSA's in the Marine Corps. They are located at MCLB, Albany, GA and MCLB Barstow, CA. They are primarily organized to support their geographic area, each RSA is also designated an overseas area of responsibility. The functions conducted at each RSA are limited to: Warehousing, Material movement, Customer service, Decentralized stock control, and Complete management of locally controlled items.

(3) Direct Support Stock Control (DSSC): Also under the technical control of the ICP are nine DSSC activities. The concept is to position selected types of materials near the actual user to reduce the supply pipeline response time. Material stocked in the DSSC's is generally limited to low-cost, fast-moving, consumable items such as: Clothing (cash sales), Subsistence, Self Service type items (cleaning supplies, office supplies, tools, etc.), Petroleum, Oils, and Lubricants (POL) and Shop Stores (repair parts for base maintenance).

c. Retail Inventory level: The retail inventory level is the lower level of the Marine Corps supply system. This level is further divided into two levels of supply: Intermediate and Consumer. These levels provide support for a defined geographic area or tailored support for a specific organization or activity. An example of this level would be the the SASSY Management Unit (SMU) located within the Force Service Support Group (FSSG) or an activity's own supply section (consumer support).

(1) Intermediate Supply Support Activity/SASSY Management Unit (SMU): The intermediate Supply Support Activity, commonly referred to as the SMU or SASSY Management Unit), located within the FSSG, is the centralized record keeping control and data collection agency. The responsibilities of the SMU include: Stock management, record keeping, stock replenishment, requirements determination, inventory planning and control, and inquiry response.

(2) Consumer Support: Each unit within the Marine Corps has an organic supply activity that provides support for that particular unit. They stock the items most needed to accomplish their specific assigned missions. This level is usually streamlined and controlled in regards to their inventory level. They must make purchases from the Intermediate Support Activity (also called the SMU) or open purchase from the local economy if additional items or replacement items are required.

3. GOVERNMENT SOURCES OF SUPPLY:

a. System Items: When a unit in the Marine Corps has a requirement for something, the question, "Is it a system item?", is normally the first question asked. The term "system items" refers to those items that the government has already purchased from a private business and stocked in one of it's many warehouses. Every item stocked in the government supply system is identified by a National Stock Number (NSN) and nomenclature. In addition, the NSN will determine the Unit of Issue (UI) and Unit Price (UP). For example:

NSN: 7530-01-337-4696

Nomenclature: Appointment Book, Weekly 1995

UI: EA

UP: \$1.83

b. Stock Funds: These government sources of supplies are managed under the stock fund concept. Stock Funds are established with an initial grant of money. The money is used to purchase inventories of supply items. Items purchased by the stock fund are held at stock points until they are needed by a customer. When items are issued from the stock fund to user activities, the user's appropriation reimburses the stock fund for the items drawn. This provides the resources for the stock fund to replace inventory that has been sold. Stock Funds are categorized as revolving funds which means they do not operate to make a profit. They operate at a break even level. There are four different stock funds under the control of the Department of Defense (DoD) and one stock fund outside of DoD: Navy Stock Fund (includes the Marine Corps Stock Fund), Air Force Stock Fund, Army Stock Fund, Defense Stock Fund (DLA), and General Services Administration (GSA) which is outside DoD.

(1) These stock funds are maintained as separate entities and may buy material from each other or from commercial sources. The DoD stock funds will normally maintain inventories of supplies peculiar to their branch of the service. The GSA stock fund carries a wide variety of supplies, everything from office products to tools. GSA supports all government agencies.

(2) Each of these stock funds operates on at least two levels: wholesale (in support of world-wide requirements) and retail (in support of local or area customer requirements). Every item in the government supply system has been assigned to one of the services, DLA, or GSA for worldwide management. The service which is assigned wholesale management responsibility for a particular item of supply, designates an inventory Control Point (ICP) for management. These ICP's are responsible for predicting/obtaining worldwide demand, buying appropriate quantities of stock and directing the issuance of that stock to various customers in DoD of the federal government as required. The following is an example of the stock fund structure and shows the wholesale and retail levels:

	COMMERCIAL WORLD				
WHOLESALE	OUTSIDE DoD GSA	DoD STOCK FUND			
		DLA	ASF	AFSF	DONSF
RETAIL					DSSC SMU

4. DIRECT SUPPORT STOCK CONTROL (DSSC): Earlier in this outline under "Organization of Marine Corps Supply, we saw that the concept of DSSC was to position selected types of materials near the actual user which provides an easier and faster way for units to get supplies. DSSC operates the following outlets:

a. Self Service: The mission of the Self-Service Center is to provide designated customer activities with high-volume, low-value items required in their day-to-day operations. **(High-volume, low-value are items such as office supplies, cleaning supplies, blank forms, computer supplies, etc.)** The objectives of the Self-Service Center operation are:

(1) To improve supply support to using units by providing a single distribution point for designated expendable supplies in the geographical area.

(2) To simplify supply and accounting procedures by serving as a single requisitioning activity for specified expendable supplies for designated using units.

(3) To improve supply practice at the using unit level by making supplies available to be drawn, as required, thus eliminating the need for maintaining stocks at the organic (unit) level.

b. Shop Stores: The purpose of the shop stores is to support specified repair and maintenance shops, support base units which have authorized capability to install repair parts stocked and available in DSSC, support Marine Corps Reserve units located adjacent or in close proximity to the DSSC if required items are stocked and available, and to support Marine Corps Reserve units training at the base for DSSC stored items during the summer training period. Items normally carried in shop stores are lumber, cement, nails, and other construction

type supplies along with the necessary repair parts for motor transport assets.

c. Fuel Farms: The fuel farms are really gas stations aboard the base where units can get petroleum, oil, and lubricants (POL) products for government vehicles.

d. Credit Cards: Units that want to use Self Service, Shop Stores, or the Fuel Farm must first be issued a credit card from DSSC. A separate card is required for each store. When a unit makes a purchase, their account is automatically billed and DSSC uses this money to replenish the item or items purchases (remember the revolving fund concept). Charge plates are constructed of durable plastic similar to other types of civilian credit cards. Charge plates are also color coded for ease in identification. For example, blue cards for shop stores, orange cards for fuel farms, and red cards for self service. Additionally, units can also enter their requirements through the Web. Most, if not all DSSC's, now have on-line ordering capability. Below is an example of a DSSC credit card:

(A) PLATE NO. 1 (B) B7A (C) M67400 (D) AF_0700017136T (E) 01 (F) MLR SELF-SERVICE CENTER (H) 7 TH BATTALION 7 TH MARINES
--

- (A) Serial Number of Charge Plate
- (B) DIC B7A issues to Marine Corps using units
- (C) Service and Reporting Unit Code (RUC) for Marine Corps using units
- (D) Job Order Number
- (E) Issue Point Number
- (F) English Description of Type of Card
- (G) English Description of Marine Corps using unit

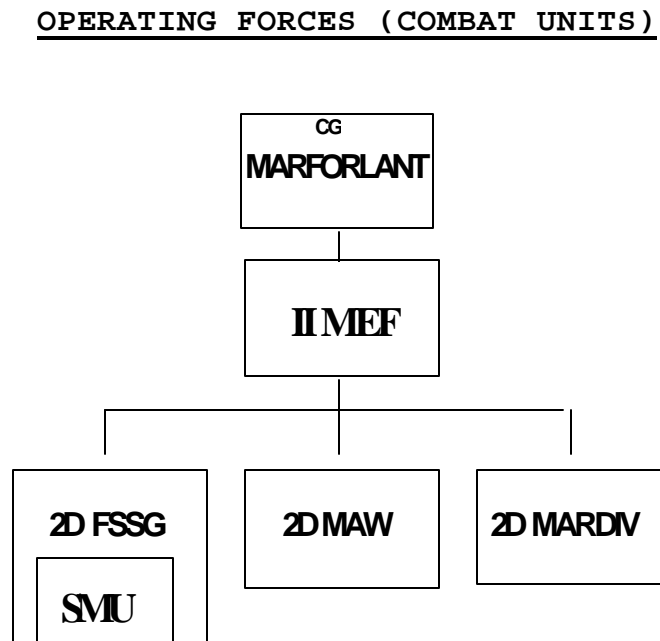
e. Retail Clothing Outlets: Retail clothing outlets (commonly referred to as Cash sales") are responsible for maintaining clothing stock and inventory records, making issues/sales to authorized customers, and for reporting

transactions to the ICP. Customers consists of active duty personnel who may shop in this outlet using personal funds.

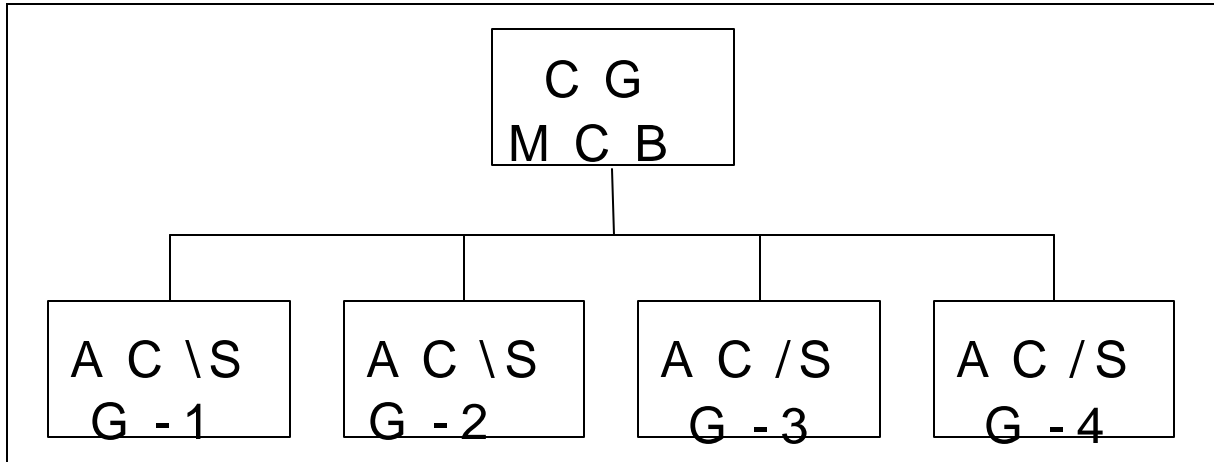
f. Subsistence Storage Units: The SSU will maintain planned prepositioned requirements of perishable and nonperishable food commodities to meet the demands of local dining facilities.

5. SASSY MANAGEMENT UNIT (SMU):

a. Before we can discuss the SMU, it is imperative that we fully understand the structure of the Marine Corps. The figure below is an example of the structure of the Marine Units in North Carolina:



SUPPORTING ESTABLISHMENT (NON COMBAT UNITS)



b. The above organizational charts shows two distinct elements, the Operating Forces and the Supporting Establishment. The operating forces are the combat element of the Marine Corps while the Supporting Establishment consists of non-combat/non-deployable units. The purpose of the Supporting Establishment is to support all units located aboard the base. This support includes but is not limited to: facilities maintenance, logistic support, communications support, and moral, welfare, and recreation.

c. The SMU is located and managed within the FSSG. The SMU uses a mechanized supply system called SASSY (Supported Activity Supply System). This system was specifically developed to support the Operating Forces. Some of the benefits of the SMU are:

(1) Provides a retail level outlet (warehouse) in the geographical area which reduces the amount of time it takes to order supplies. The SMU stocks those items peculiar to the operating forces such as repair parts, tents, sleeping bags, etc.

(2) Reduces the amount of manual supply functions at the using unit level, i.e. follow-ups, back order validations, updates to property records, etc.

(3) SASSY interfaces with SABRS. When the SMU orders an item for stock in it's warehouses, an accounting transaction is created in SABRS which helps the SMU keep track of how much money it has.

(4) Provides mechanized supply and accounting reports.

6. Financial Management in the SASSY Management Unit (SMU):

a. The SMU maintains a General Account which controls all of the supply functions within the SMU. One of these functions is financial management. Since the SMU operates under the revolving fund concept, they must have a way to replenish it's shelves for the items issued. This is accomplished using two types of funds, Planning Estimate (PE) dollars, and Requisitional Authority (RA) dollars.

(1) Planning Estimate (PE) dollars. These funds are referred to as "Hard Dollars" or "OPBUD" authorization. Operating Forces units use PE dollars to purchase items from DSSC (self-service, shop stores, POL), commercial (open) purchases, Temporary Additional Duty, and off-line supply orders.

(2) Requisitional Authority (RA) dollars. These funds are referred to as "Soft Dollars". Operating Forces, such as the Wing, Division and FSSG use RA dollars to order items from the SMU. The SMU is the only place RA dollars can be spent.

(3) When budgeting, units of the Operating Forces must prepare two budget estimates. A "PE" budget and an "RA" budget.

(4) A fund administrator is established for the General Account at the SMU. The General Account is funded by PE/OPBUD authorizations. This authorization includes funds for the day to day operation of the SMU (i.e. DSSC, open purchase) and funds to replenish the items issued to the using units. The concept is that for every RA dollar authorized a using unit, the equivalent amount in PE dollars is given to the SMU General Account. The SMU uses the PE dollars to buy items from various stock funds or commercial sources. If you look at the diagram below you see the major commands under the Marine Forces Atlantic. Note that each major command has budget estimates for PE and RA dollars. The total of the RA estimates for all three major commands is \$900,000. The total PE authorization for the SMU is \$950,000 which includes the \$900,000 for RA dollars issued to the major commands and \$50,000 for the SMU's operating expenses.

COMMAND	PE	RA
2D MARDIV	150	400
2D MAW	150	400
2D FSSG	150	100
- SMU	950	

7. OTHER SOURCES OF SUPPLY:

a. All Marine Corps activities must ensure that the prescribed government sources of *supply* are considered to the maximum extent practicable prior to acquiring supplies or services through a commercial source. This means that there is a chain of command that the Marine Corps has to follow before they can buy something from a commercial source. The following sources of *supply* are available in descending order of priority:

(1) Military Stock Funds

(2) GSA Stock Funds

(3) Federal Prison Industries

(4) National Industries for the Blind (NIB) and National Industries for the Severely Handicapped (NISH)

(5) Federal Supply Schedule contracts

(6) Open-Market purchase

b. The Federal Prison industries, inc., or FPI, is a wholly-owned Government corporation, established in 1934 under acts of Congress and an executive order which are now incorporated in the 31 U.S. Code. The function of the corporation is to provide training and employment for prisoners confined in federal penal and correctional institutions. The articles produced are not sold to the public, but only to departments and agencies of the United States and are in strict conformity with federal specifications. It is MANDATORY for federal departments and agencies to purchase the products of FPI which meet their requirements. When similar supplies are manufactured, or offered for sale, both by FPI and by agencies for the blind and severely handicapped, the supplies must be purchased from the FPI to the extent available.

c. Supplies manufactured by agencies for the blind and severely handicapped are listed in the Procurement List of

Supplies and Services provided by the blind and other severely handicapped agencies. The same basic rule applies for these agencies as for the FPI.

d. Federal Supply Schedule (FSS) Contracts. The FSS of the GSA established contracts for common use classes of supplies and services. These contracts are summarized in FSS's which list the contractors and the supplies or services that may be purchased from them.

(1) The contracts provide that, for a definite period, the contractor is obligated to deliver all supplies or services which may be ordered thereunder by government agencies, subject to the stated minimum and maximum order limitations. These contracts normally cover a 12 month period and are designed for purchasing offices to place delivery orders directly with the contractor for the needed supplies or services.

(2) A few examples of items that may be ordered through FSS contracts are computer equipment, boats, furniture, safety equipment, sporting goods, equipment for dining facilities, etc. GSA has a FSS established for just about every class of supply.

e. Open-market purchasing is the method whereby an agency of the Government acquires supplies, or services from commercial sources. Direct purchases from commercial sources on an open-market basis is the least desired acquisition method. When purchasing supplies or services from a commercial source of supply, a purchasing agent must determine the most economical way to buy the item. The following methods are available:

(1) Government Purchase Card (GPS) is the VISA card used by military personnel and federal employees who are **authorized** to purchase goods and services for government use. The Citibank card program was recently implemented and replace the old International Merchants Purchase Authorization Card (IMPAC). The Government Purchase Card is the only government-authorized commercial credit card for federal agencies. Citibank administers the program and distributes the cards, but Agency Program Coordinator's (APC's) within each agency determine who the Card Holders (CH's) will be and what their spending limits are. Although the card is designed for single purchases of \$2,500.00 or less, in some circumstances, purchases up to \$10,000.00 may be authorized. The benefit of using the government charge card is that making a purchase is as easy as swiping a credit card through a magnetic strip machine. The

simplicity of the system saves agencies time and money. Every time the card is used it is estimated that the government saves \$55.00 in administrative costs.

(2) Purchase Orders: A purchase order is a DD Form 1155 or SF Form 1449 signed by a purchasing officer which requests a vendor to send the items listed to the Marine Corps in accordance with the information furnished. The purchase order method shall be used when the purchase exceeds \$2500; more than one delivery is necessary; the purchase is classified; it is desirable to have the terms of the transaction in writing. Because of the high administrative costs of issuing purchase orders, it is the least preferred method of purchase.

REFERENCES:

1. MCO P4200.15
2. MCO P4400.15E
3. UM-4400.124